

Phatra Leasing Public Company Limited

Financial statements for the year ended
31 December 2017
and
Independent Auditor's Report

Independent Auditor’s Report

To the Shareholders of Phatra Leasing Public Company Limited

Opinion

I have audited the financial statements of Phatra Leasing Public Company Limited (the “Company”), which comprise the statement of financial position as at 31 December 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Adequacy of allowance for doubtful accounts	
Refer to Notes 3, 6 and 7	
The key audit matter	How the matter was addressed in my audit
The Company has receivables under operating lease contracts, receivables under finance lease contracts and assets held for lease under operating lease contracts which, together, comprise approximately 90.6% of total assets. Due to the management judgment involved in the estimation and the risk that default on payment of receivables may have a material impact on the financial statements, I have determined this to be a Key Audit Matter. The estimation of allowance for doubtful accounts involves an assessment of the debtors' ability to pay and the realisable value from the sale/lease of any returned assets.	My audit procedures consisted of: <ul style="list-style-type: none"> - understanding the assessment of the Company's assumption and the appropriateness of the Company's accounting policy for allowance for doubtful accounts; - considering the ability of repayments from receivables under operating lease contracts and receivables under finance lease contracts by assessing the ability of previous repayment and the current status of existing receivables; - considering the possibility of repossession and assessing the estimated recovery amount of leased assets by using the external prices derived from market and/or the valuation report from independent valuers which are adjusted by the Company's plan to manage the assets which are returned from the default contracts for receivables under finance lease contracts; and - considering the adequacy of the Company's disclosures in relation to receivables under operating lease contracts and receivables under finance lease contracts in accordance with Thai Financial Reporting Standards.

Valuation of inventory	
Refer to Notes 3 and 9	
The key audit matter	How the matter was addressed in my audit
The Company has a risk of valuation of inventory due to a fluctuation in the used car market, thereby having a direct impact on the net realisable value of inventory. I have determined this to be important due to the fact that inventory provisions are dependent on estimated future selling prices.	My audit procedures consisted of: <ul style="list-style-type: none"> - assessing the net realisable value of inventory by evaluating the appropriateness of the Company's plan to arrange and the estimation of selling price of the car sales for which contract are expired and comparing to selling price subsequent to year-end for sold cars and external prices derived from market for unsold cars to test whether selling price exceeded the book value of inventory at year end; and - considering the adequacy of the Company's disclosures in accordance with Thai Financial Reporting Standards.

Recognition of deferred tax assets	
Refer to Note 3 and 14	
The key audit matter	How the matter was addressed in my audit
<p>The Company has recognised deferred tax assets for deductible temporary differences and unused tax losses that it believes are recoverable.</p> <p>The recoverability of recognised deferred tax assets is in part dependent on the Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses (before the latter expire).</p> <p>I have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p>	<p>My audit procedures consisted of:</p> <ul style="list-style-type: none"> - inquiring the management who is responsible for preparing the Company's forecast future taxable profits; - assessing and challenging the management's judgements, assumptions used in the projection of future taxable profits by evaluating the reasonableness of historical forecasting and comparing with the actual operating results and the operation's plan. This included using my understanding of the Company, the Company's industry and the sensitivity of the changes in the forecast of the Company's future taxable profits to evaluate the reasonability of the management's process for forecasting the future taxable profits; - performing the recalculation of the forecast; and - considering the adequacy of the Company's disclosures in accordance with Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Bunyarit Thanormcharoen)
Certified Public Accountant
Registration No. 7900

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2018

Phatra Leasing Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2017	2016
		<i>(in Baht)</i>	
Current assets			
Cash and cash equivalents	5	214,791,962	77,622,641
Receivables under operating lease contracts	6	201,541,906	205,722,102
Current portion of receivables under finance lease contracts	7	915,014,953	800,400,037
Other receivables	4, 8	466,624,013	310,763,705
Inventory	9	92,160,766	86,199,315
Assets held for sale	10	742,043	24,892,664
Other current assets		22,555,460	28,983,084
Total current assets		1,913,431,103	1,534,583,548
Non-current assets			
Receivables under finance lease contracts	7	1,281,358,007	1,195,790,678
Other long-term investments	4	-	-
Property and equipment	4, 11	9,686,506,048	10,225,574,524
Property foreclosed	12	23,992,453	23,992,453
Intangible assets	13	2,743,574	3,290,715
Deferred tax assets	14	293,576,618	238,065,316
Other non-current assets		9,836,759	8,392,180
Total non-current assets		11,298,013,459	11,695,105,866
Total assets		13,211,444,562	13,229,689,414

The accompanying notes are an integral part of these financial statements.

Phatra Leasing Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 December	
		2017	2016
		<i>(in Baht)</i>	
Current liabilities			
Short-term loans from financial institutions	15.1	827,785,635	1,752,743,043
Trade accounts payable	4, 16	223,123,310	107,766,163
Other payables	17	192,918,916	182,553,750
Current portion of debentures	15.2	1,749,780,935	1,899,672,945
Current portion of long-term loans from financial institutions	15.3	<u>877,522,000</u>	<u>577,700,000</u>
Total current liabilities		<u>3,871,130,796</u>	<u>4,520,435,901</u>
Non-current liabilities			
Debentures	15.2	4,896,791,340	4,946,319,517
Long-term loans from financial institutions	15.3	1,198,262,000	717,910,000
Advances received from lessees for exercising purchase option and guarantee deposits		178,278,661	141,307,852
Rental income received in advance		151,509,267	101,779,079
Non-current provisions for employee benefits	18	<u>53,364,526</u>	<u>49,723,467</u>
Total non-current liabilities		<u>6,478,205,794</u>	<u>5,957,039,915</u>
Total liabilities		<u>10,349,336,590</u>	<u>10,477,475,816</u>
Equity			
Share capital	19		
Authorised share capital		<u>646,200,489</u>	<u>646,200,489</u>
Issued and paid-up share capital		596,492,874	596,492,753
Premium on ordinary shares	19	645,118,416	645,118,058
Retained earnings			
Appropriated			
Legal reserve	21	64,620,049	64,558,515
Unappropriated		<u>1,555,876,633</u>	<u>1,446,044,272</u>
Total equity		<u>2,862,107,972</u>	<u>2,752,213,598</u>
Total liabilities and equity		<u>13,211,444,562</u>	<u>13,229,689,414</u>

The accompanying notes are an integral part of these financial statements.

Phatra Leasing Public Company Limited

Statement of comprehensive income

	Note	Year ended 31 December	
		2017	2016
		<i>(in Baht)</i>	
Revenue			
Rental income from operating lease contracts	4	2,661,526,372	2,868,188,092
Income from finance lease contracts		142,001,910	107,846,903
Revenue from sale of assets under operating lease contracts		1,005,780,254	1,150,297,793
Gain on disposal of equipment, assets held for sale and property foreclosed		-	1,545,603
Other income	4, 23	47,742,336	46,547,667
Total revenue		3,857,050,872	4,174,426,058
Expenses			
Direct rental costs	4, 26	2,124,465,633	2,236,390,154
Cost of sale of assets under operating lease contracts	26	1,012,250,578	1,088,555,894
Loss on disposal of equipment and assets held for sale		4,680,902	-
Administrative expenses	4, 24, 26	251,375,020	263,002,809
Doubtful accounts expense	6, 7, 8, 26	13,420,600	157,320,087
Finance costs		285,078,797	320,791,868
Total expenses		3,691,271,530	4,066,060,812
Profit before income tax		165,779,342	108,365,246
Tax income	27	(56,110,076)	(111,806,081)
Profit for the year		221,889,418	220,171,327
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss</i>			
Gains (losses) on remeasurements of defined benefit plans	18	1,672,625	(7,633,602)
Income tax relating to items that will not be reclassified		(334,525)	1,526,721
Other comprehensive income for the year, net of tax		1,338,100	(6,106,881)
Total comprehensive income for the year		223,227,518	214,064,446
Earnings per share			
	28		
Basic earnings per share		0.37	0.37
Diluted earnings per share		0.37	0.37

The accompanying notes are an integral part of these financial statements.

Phatra Leasing Public Company Limited

Statement of changes in equity

			Retained earnings			
	Note	Issued and paid-up share capital	Share premium	Legal reserve <i>(in Baht)</i>	Unappropriated	Total equity
Year ended 31 December 2016		596,492,753	645,118,058	53,549,949	1,344,392,160	2,639,552,920
Balance at 1 January 2016						
Transactions with owners, recorded directly in equity						
<i>Distributions to owners</i>						
Dividends	29	-	-	-	(101,403,768)	(101,403,768)
Total distributions to owners		-	-	-	(101,403,768)	(101,403,768)
Comprehensive income for the year						
Profit		-	-	-	220,171,327	220,171,327
Other comprehensive income		-	-	-	(6,106,881)	(6,106,881)
Total comprehensive income for the year		-	-	-	214,064,446	214,064,446
Transfer to legal reserve		-	-	11,008,566	(11,008,566)	-
Balance at 31 December 2016		596,492,753	645,118,058	64,558,515	1,446,044,272	2,752,213,598

The accompanying notes are an integral part of these financial statements.

Phatra Leasing Public Company Limited

Statement of changes in equity

			Retained earnings		
	Issued and paid-up share capital	Share premium	Legal reserve <i>(in Baht)</i>	Unappropriated	Total equity
Year ended 31 December 2017	596,492,753	645,118,058	64,558,515	1,446,044,272	2,752,213,598
Balance at 1 January 2017					
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Shares options exercised	121	358	-	-	479
Dividends	-	-	-	(113,333,623)	(113,333,623)
Total contributions by and distributions to owners	121	358	-	(113,333,623)	(113,333,144)
Comprehensive income for the year					
Profit	-	-	-	221,889,418	221,889,418
Other comprehensive income	-	-	-	1,338,100	1,338,100
Total comprehensive income for the year	-	-	-	223,227,518	223,227,518
Transfer to legal reserve	-	-	61,534	(61,534)	-
Balance at 31 December 2017	596,492,874	645,118,416	64,620,049	1,555,876,633	2,862,107,972

The accompanying notes are an integral part of these financial statements.

Phatra Leasing Public Company Limited

Statement of cash flows

	Note	Year ended 31 December	
		2017	2016
		<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>			
Profit for the year		221,889,418	220,171,327
<i>Adjustments to reconcile profit to cash receipts (payments)</i>			
Depreciation and amortisation		1,715,791,744	1,823,153,280
Financial costs		285,078,797	320,791,868
Doubtful accounts expense		13,420,600	157,320,087
Losses on (reversal of) inventories devaluation		174,437	(486,660)
Gain on disposal of equipment, assets held for sale and property foreclosed		(36,696)	(912,803)
Provisions for employee benefits		5,313,683	4,168,812
Tax income		(56,110,076)	(111,806,081)
		<u>2,185,521,907</u>	<u>2,412,399,830</u>
<i>Change in operating assets and liabilities</i>			
Receivables under operating lease contracts		2,973,734	(18,426,785)
Receivables under finance lease contracts		230,923,446	(288,399,989)
Other receivables		7,689,170	(22,084,568)
Inventory		1,012,250,578	1,088,555,894
Assets held for sale		24,150,621	(10,182,033)
Other current assets		6,427,625	(20,386,000)
Other non-current assets		(5,449,829)	(1,845,877)
Trade accounts payable		120,207,709	(152,094,241)
Other payables		15,087,227	45,570,648
Advances received from lessees for exercising purchase option and guarantee deposits		36,970,809	19,850,920
Rental income received in advance		49,730,187	38,874,178
		<u>3,686,483,184</u>	<u>3,091,831,977</u>
Net cash generated from operating			
Cash paid for purchase operating lease assets		(2,626,991,942)	(2,799,060,337)
Taxes paid		(173,761,561)	(116,949,455)
		<u>885,729,681</u>	<u>175,822,185</u>
Net cash from operating activities			

The accompanying notes are an integral part of these financial statements.

Phatra Leasing Public Company Limited

Statement of cash flows

	Note	Year ended 31 December	
		2017	2016
<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>			
Acquisition of equipment		(2,607,714)	(3,899,276)
Acquisition of intangible assets		(170,900)	(164,000)
Proceeds from sale of equipment, asset held for sale and property foreclosed		2,135,664	4,894,392
Net cash from (used in) investing activities		(642,950)	831,116
<i>Cash flows from financing activities</i>			
Financial costs paid		(284,758,266)	(339,581,055)
Dividends paid to owners of the Company		(113,333,623)	(101,403,768)
Proceeds from short-term loans from financial institutions		4,920,000,000	7,805,000,000
Repayment of short-term loans from financial institutions		(5,850,000,000)	(6,545,000,000)
Proceeds from issuance of debentures		1,700,000,000	2,200,000,000
Repayment of debentures		(1,900,000,000)	(2,200,000,000)
Proceeds from long-term loans		1,500,000,000	-
Repayment of long-term loans		(719,826,000)	(998,180,000)
Proceeds from exercise of share options		479	-
Net cash used in financing activities		(747,917,410)	(179,164,823)
Net increase (decrease) in cash and cash equivalents		137,169,321	(2,511,522)
Cash and cash equivalents at 1 January		77,622,641	80,134,163
Cash and cash equivalents at 31 December	5	214,791,962	77,622,641

The accompanying notes are an integral part of these financial statements.

Phatra Leasing Public Company Limited
Notes to the financial statements
For the year ended 31 December 2017

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Phatra Leasing Public Company Limited
Notes to the financial statements
For the year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 21 February 2018.

1 General information

Phatra Leasing Public Company Limited “the Company” is incorporated in Thailand and has its registered office at 252/6, 29th Floor, Muang Thai Phatra Complex, Rachadaphisek Road, Huaykwang, Bangkok 10320.

The Company was listed on the Stock Exchange of Thailand on 15 August 1996.

The Company’s major shareholder during the financial year was Muang Thai Life Assurance Plc. (10.00% shareholding) which was incorporated in Thailand.

The principal activities of the Company are to provide leasing services to principally the corporate enterprises.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (n)

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

Phatra Leasing Public Company Limited
Notes to the financial statements
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(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 14 and 27	Deferred tax assets and income tax expense
Note 18	Measurement of defined benefit obligations
Note 30	Valuation of financial instruments

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 30	Valuation of financial instruments
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Phatra Leasing Public Company Limited
Notes to the financial statements
For the year ended 31 December 2017

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies and translated to the functional currency using the exchange rates ruling at the dates of the transactions.

(b) Hedging

Hedge of future foreign currency transactions

Gains and losses from forward exchange contracts used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances and call deposits.

(d) Receivable under operating lease contracts, receivable under finance lease contracts, and other receivables

Receivable under operating lease contracts and other receivables are stated at their invoice value less allowance for doubtful accounts.

Receivable under finance lease contracts are carried at outstanding amount, net of unearned interest income less allowance for doubtful accounts.

The Company provides an allowance for doubtful accounts equal to the estimated losses that may be incurred in the collection of all receivables. The estimated losses are based on the receivables classification and a review of the current status of existing receivables.

Phatra Leasing Public Company Limited
Notes to the financial statements
For the year ended 31 December 2017

Receivables under operating lease contracts

The basis of allowance for doubtful accounts of receivables under operating lease contracts computed as a percentage of outstanding receivable are as follows:

Receivables outstanding over 0 month to 1 month	1%
Receivables outstanding over 1 month to 3 months	2%
Receivables outstanding over 3 months	100%

The Company provides an allowance for doubtful accounts based on the above percentages to the outstanding balances net of received deposit for each receivable and considers the ability to repayment of each receivable which overdue over 3 months.

In addition, the Company provides an additional allowance for doubtful accounts as a general reserve at 5% of outstanding leasing receivables under operating lease contracts net of received deposit. If the allowance has been considered fully provided, the Company will not set up an additional allowance for doubtful accounts as a general reserve.

Receivables under finance lease contracts

The basis of allowance for doubtful accounts of receivables under finance lease contracts computed as a percentage of outstanding receivable are as follows:

Receivables outstanding over 0 month to 1 month	1%
Receivables outstanding over 1 month to 3 months	2%
Receivables outstanding over 3 months	100%

The Company provides an allowance for doubtful accounts based on the above percentages to the outstanding balances net of received deposit and the estimated recovery amount of leased asset for each receivable.

In addition, the Company provides an additional allowance for doubtful accounts as a general reserve at 5% of outstanding leasing receivables under finance lease contracts net of received deposit and the estimated recoverable amount of leased asset. If the allowance has been considered fully provided, the Company will not set up an additional allowance for doubtful accounts as a general reserve.

(e) Inventory

Operating lease assets are transferred to inventory on the date that they cease to be rented and are held for sale. These are measured at the lower of the book value at that date and net realisable value.

Cost of inventory is calculated using the specific method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell.

(f) Assets held for sale

Assets held for sale consisted of movable assets held for sale under the finance lease contracts which the Company plans to sell within one year, and are measured at the lower of carrying value and fair value less cost to sell. Impairment losses on initial classification and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

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(g) Investments

Investment in other equity securities

Investment in equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) Property and equipment

Recognition and measurement

Owned assets

Property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. The estimated useful lives are as follows:

Office condominium and utilities system	40 years
Furniture, fixtures and office equipment	5, 7 and 10 years
Transportation equipment	5 years
Assets held for operating lease	Over the lease period

Assets held for future lease are depreciated upon commencement of the lease.

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Property foreclosed

Property foreclosed consisted of immovable property foreclosed which the Company plans to sell in more than one year were measured at the lower of carrying value and appraisal value for sale less cost to sell and was classified to non-current assets. Impairment losses on initial classification and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(j) Intangible assets

Software licenses

Software licenses that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licenses	3-10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

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Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(m) Trade accounts payable and other payables

Trade accounts payable and other payables are stated at cost.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Revenue

Revenues excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts.

Rental income from operating lease contracts

Rental income from operating lease contracts is recognised in profit or loss on a straight-line basis over the term of the lease.

Income from finance lease contracts

The Company has recognised the income by using the effective interest rate method.

The Company has ceased to recognise rental income from operating lease contracts and income from finance lease contracts in profit or loss when lessees have not paid rentals for more than three months.

Revenue from sale of assets under operating lease contracts

Revenue from sale of assets under operating lease contracts (inventory) is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the assets or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of assets.

Revenue from sale of equipment and assets held for sale

Revenue from sales of equipment and assets held for sale are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers.

Other income

Other operating income and interest income is recognised in profit or loss as it accrues.

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(q) Finance costs

Finance costs comprise interest expense on borrowings that are recognised in profit or loss.

(r) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(s) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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(t) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes.

(u) Segment reporting

Segment results that are reported to Board of Directors (the Chief Operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly revenue from sale of assets under operating lease contracts, cost of sale of assets under operating lease contracts, administrative expenses, finance costs and deferred tax assets.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management and related parties were as follows:

Name of entities/Person	Country of Incorporation/ Nationality	Nature of relationships
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director, a managing director, the first 4 executive levels in the organisation chart and all the forth executive including other equivalent positions of the forth executive downward from the managing director (whether executive or otherwise) of the Company.
Muang Thai Life Assurance Plc.	Thailand	10.00% shareholding and some common directors
Muang Thai Insurance Plc.	Thailand	8.89% shareholding and some common directors
Muang Thai Real Estate Plc.	Thailand	Holding share 0.39% and some common directors

The pricing policies for transaction with related parties are explained further below:

Transactions	Pricing policies
Rental income from operating lease contracts	At contractually agreed rate
Discount on insurance premium	At contractually agreed rate
Insurance premium expenses	At contractually agreed rate

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Significant transactions with key management and related parties for the years ended 31 December were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Other related parties		
Rental income from operating lease contracts	43,721	40,941
Discount on insurance premium	10,167	9,321
Insurance premium expenses	85,701	93,177

Key management personnel compensation

Key management personnel compensation represents benefits provided to directors and executives of the Company. They comprise management compensation such as salaries, related benefit, included post-employment benefits and directors' remuneration.

	2017	2016
	<i>(in thousand Baht)</i>	
Short-term management benefits	46,347	43,126
Post-employment benefits	2,791	2,612
Total	<u>49,138</u>	<u>45,738</u>

Significant balances as at 31 December with related parties were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
<i>Other receivables - prepaid insurance expenses</i>		
Muang Thai Insurance Plc.	45,067	42,317
<i>Other long-term investment</i>		
Muang Thai Real Estate Plc. (Net of allowance for impairment amounted Baht 4.1 million)	-	-
<i>Property and equipment - assets held for lease under operating lease contracts</i>		
Muang Thai Life Assurance Plc.	133,487	119,999
Muang Thai Insurance Plc.	52,454	53,185
<i>Trade accounts payable - accrued insurance premium</i>		
Muang Thai Insurance Plc.	4,064	4,324

5 Cash and cash equivalents

	2017	2016
	<i>(in thousand Baht)</i>	
Cash on hand	133	134
Cash at banks - current accounts	80,353	14,855
Cash at banks - savings accounts	134,306	62,634
Total	<u>214,792</u>	<u>77,623</u>

Cash and cash equivalents of the Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

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6 Receivables under operating lease contracts

	2017	2016
	<i>(in thousand Baht)</i>	
Receivables under operating lease contracts	205,222	208,196
Defaulted receivables	73,732	73,732
Less allowance for doubtful accounts	<u>(77,412)</u>	<u>(76,206)</u>
Net	<u>201,542</u>	<u>205,722</u>
Doubtful accounts expense for the year	<u>1,206</u>	<u>69,053</u>

Aging analyses for receivables under operating lease contracts were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Normal receivables		
Within credit terms	134,282	148,225
Overdue:		
Less than 3 months	63,965	48,026
3 - 6 months	793	1,268
6 - 12 months	255	4,757
More than 12 months	<u>5,927</u>	<u>5,920</u>
Total normal receivables	<u>205,222</u>	<u>208,196</u>
Defaulted receivables	<u>73,732</u>	<u>73,732</u>
Total receivables under operating lease contracts	<u>278,954</u>	<u>281,928</u>
Less allowance for doubtful accounts	<u>(77,412)</u>	<u>(76,206)</u>
Net	<u>201,542</u>	<u>205,722</u>

The normal credit term granted by the Company is 30 days.

Receivables under operating lease contracts of the Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

7 Receivables under finance lease contracts

	Portion due within one year		Portion due after one year but within five year		Total	
	2017	2016	2017	2016	2017	2016
	<i>(in thousand Baht)</i>					
Normal receivables						
Receivables under finance lease contracts	945,927	843,906	1,410,974	1,297,881	2,356,901	2,141,787
Less unearned interest income	<u>(89,544)</u>	<u>(102,987)</u>	<u>(124,680)</u>	<u>(98,043)</u>	<u>(214,224)</u>	<u>(201,030)</u>
Total normal receivables	<u>856,383</u>	<u>740,919</u>	<u>1,286,294</u>	<u>1,199,838</u>	<u>2,142,677</u>	<u>1,940,757</u>
Defaulted receivables	<u>108,476</u>	<u>108,476</u>	<u>-</u>	<u>-</u>	<u>108,476</u>	<u>108,476</u>
Total receivables under finance lease contracts	<u>964,859</u>	<u>849,395</u>	<u>1,286,294</u>	<u>1,199,838</u>	<u>2,251,153</u>	<u>2,049,233</u>
Less allowance for doubtful accounts	<u>(49,844)</u>	<u>(48,995)</u>	<u>(4,936)</u>	<u>(4,047)</u>	<u>(54,780)</u>	<u>(53,042)</u>
Net receivables under finance lease contracts	<u>915,015</u>	<u>800,400</u>	<u>1,281,358</u>	<u>1,195,791</u>	<u>2,196,373</u>	<u>1,996,191</u>

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	2017	2016
	<i>(in thousand Baht)</i>	
Doubtful accounts expense for the year	<u>1,738</u>	<u>51,016</u>

Aging analyses for receivables under finance lease contracts were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Normal receivables		
Not yet due	2,304,237	2,103,067
Overdue:		
Less than 3 months	24,381	18,817
3 - 6 months	2,269	4,352
6 - 12 months	3,919	4,856
More than 12 months	<u>22,095</u>	<u>10,695</u>
Total normal receivable	2,356,901	2,141,787
Defaulted receivables	<u>108,476</u>	<u>108,476</u>
Total receivables under finance lease contracts	<u>2,465,377</u>	<u>2,250,263</u>
Less unearned interest income	(214,224)	(201,030)
Less allowance for doubtful accounts	<u>(54,780)</u>	<u>(53,042)</u>
Net	<u>2,196,373</u>	<u>1,996,191</u>

The normal credit term granted by the Company is 30 days.

Receivables under finance lease contracts of the Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

As at 31 December, the gross investment under the finance lease contracts and present value of minimum lease payments receivable were as follows:

	2017	2016
	Gross investment under finance lease Contracts	Present value of minimum lease payments under finance lease contracts
		<i>(in thousand Baht)</i>
Portion due within one year	1,054,403	964,859
Portion due after one year but within five years	<u>1,410,974</u>	<u>1,286,294</u>
Total	2,465,377	<u>2,251,153</u>
Less unearned interest	<u>(214,224)</u>	<u>(201,030)</u>
Net investment under finance lease contracts	<u>2,251,153</u>	<u>2,049,233</u>

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8 Other receivables

	<i>Note</i>	2017 <i>(in thousand Baht)</i>	2016
Prepaid insurance expenses			
- related party	4	45,067	42,317
- other parties		55,236	54,348
Withholding tax deduct at source		173,761	116,949
Prepaid expenses		41,009	41,275
Refundable Value Added Tax		-	11,466
Receivable from Revenue Department		117,214	10,505
Other receivables		133,975	123,065
Total		566,262	399,925
<i>Less</i> allowance for doubtful accounts		(99,638)	(89,161)
Net		466,624	310,764
Doubtful accounts expense for the year		10,477	37,251

9 Inventory

	2017 <i>(in thousand Baht)</i>	2016
Transportation equipment	98,357	92,221
<i>Less</i> allowance for decline in value of inventory adjusted to net realisable value	(6,169)	(6,022)
Net	92,161	86,199

10 Assets held for sale

	For the year ended 31 December 2017					
	At beginning of year	Transfer in	Depreciation	Disposals	Transfer out	At end of year
Transportation equipment	<u>24,893</u>	<u>22,542</u>	<u>-</u>	<u>(29,822)</u>	<u>(16,871)</u>	<u>742</u>

	For the year ended 31 December 2016					
	At beginning of year	Transfer in	Depreciation	Disposals	Transfer out	At end of year
Transportation equipment	<u>14,711</u>	<u>22,762</u>	<u>-</u>	<u>(4,990)</u>	<u>(7,590)</u>	<u>24,893</u>

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11 Property and equipment

	Assets held for lease under operating lease contracts	Office condominium and utilities system	Furniture, fixtures and office equipment	Transportation equipment (in thousand Baht)	Assets held for future lease	Assets under construction	Total
<i>Cost</i>							
At 1 January 2016	15,219,203	121,995	59,517	36,696	7,069	73	15,444,553
Additions	2,788,445	-	3,899	-	10,616	-	2,802,960
Transfers	(2,791,929)	-	73	(8,934)	-	(73)	(2,800,863)
Disposals	-	-	(221)	(12,512)	-	-	(12,733)
At 31 December 2016 and 1 January 2017	15,215,719	121,995	63,268	15,250	17,685	-	15,433,917
Additions	2,627,859	-	2,622	-	16,817	-	2,647,298
Transfers	(3,671,628)	-	(1,054)	(5,299)	(17,685)	-	(3,695,666)
Disposals	-	-	(14)	-	-	-	(14)
At 31 December 2017	14,171,950	121,995	64,822	9,951	16,817	-	14,385,535
<i>Accumulated depreciation</i>							
At 1 January 2016	5,055,367	36,014	42,767	19,371	-	-	5,153,519
Depreciation charge for the year	1,810,404	-	5,507	2,113	-	-	1,818,024
Transfers	(1,750,416)	-	-	(4,594)	-	-	(1,755,010)
Disposals	-	-	(170)	(8,581)	-	-	(8,751)
At 31 December 2016 and 1 January 2017	5,115,355	36,014	48,104	8,309	-	-	5,207,782
Depreciation charge for the year	1,704,215	-	5,266	1,007	-	-	1,710,488
Transfers	(2,215,547)	-	(1,030)	(3,210)	-	-	(2,219,787)
Disposals	-	-	(14)	-	-	-	(14)
At 31 December 2017	4,604,023	36,014	52,326	6,106	-	-	4,698,469

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	Assets held for lease under operating lease contracts	Office condominium and utilities system	Furniture, fixtures and office equipment	Transportation equipment <i>(in thousand Baht)</i>	Assets held for future lease	Assets under construction	Total
<i>Allowance for impairment loss</i>							
At 1 January 2016	560	-	-	-	-	-	560
At 31 December 2016 and 1 January 2017	560	-	-	-	-	-	560
At 31 December 2017	560	-	-	-	-	-	560
<i>Net book value</i>							
At 1 January 2016	10,163,276	85,981	16,750	17,325	7,069	73	10,290,474
At 31 December 2016 and 1 January 2017	10,099,804	85,981	15,164	6,941	17,685	-	10,225,575
At 31 December 2017	9,567,367	85,981	12,496	3,845	16,817	-	9,686,506

The gross amount of the Company's fully depreciated property and equipment that was still in use as at 31 December 2017 amounted to Baht 320 million (2016: Baht 419 million).

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12 Property foreclosed

	For the year ended 31 December 2017					
	At beginning of year	Transfer in	Depreciation (in thousand Baht)	Disposals	Transfer out	At end of year
Land and office condominium	39,487	-	-	-	-	39,487
Less allowance for impairment	(15,495)	-	-	-	-	(15,495)
Net	23,992	-	-	-	-	23,992

	For the year ended 31 December 2016					
	At beginning of year	Transfer in	Depreciation (in thousand Baht)	Disposals	Transfer out	At end of year
Land and office condominium	39,487	-	-	-	-	39,487
Less allowance for impairment	(15,495)	-	-	-	-	(15,495)
Net	23,992	-	-	-	-	23,992

13 Intangible assets

	Software licenses	Software licenses in progress (in thousand Baht)	Total
Cost			
At 1 January 2016	35,356	-	35,356
Additions	164	-	164
At 31 December 2016 and 1 January 2017	35,520	-	35,520
Additions	171	-	171
At 31 December 2017	35,691	-	35,691
Accumulated amortisation			
At 1 January 2016	30,297	-	30,297
Amortisation charge for the year	1,932	-	1,932
At 31 December 2016 and 1 January 2017	32,229	-	32,229
Amortisation charge for the year	718	-	718
At 31 December 2017	32,947	-	32,947
Net book value			
At 1 January 2016	5,059	-	5,059
At 31 December 2016 and 1 January 2017	3,291	-	3,291
At 31 December 2017	2,744	-	2,744

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14 Deferred tax assets

Deferred tax assets and liabilities as at 31 December were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Deferred tax assets	305,562	248,554
Deferred tax liabilities	<u>(11,985)</u>	<u>(10,488)</u>
Net deferred tax assets	<u>293,577</u>	<u>238,066</u>

Movements in total deferred tax assets and liabilities during the year were as follows:

	At 1 January 2017	(Charged) / Credit to		At 31 December 2017
		Profit or loss <i>(note 27)</i>	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Depreciation of asset held for lease	103,380	9,019	-	112,399
Loss carry forward	52,759	37,031	-	89,790
Allowance for doubtful accounts	43,682	2,684	-	46,366
Allowance for decline in value of inventory	1,205	34	-	1,239
Accrued income on leases in arrears more than three months	18,997	6,466	-	25,463
Advance received from lessee for exercising purchase option	14,558	1,046	-	15,604
Allowance for loss on impairment of investment and immovable property foreclosed	4,028	-	-	4,028
Non-current provisions for employee benefits	9,945	1,063	(335)	10,673
Total	<u>248,554</u>	<u>57,343</u>	<u>(335)</u>	<u>305,562</u>
<i>Deferred tax liabilities</i>				
Differences in income recognition of operating and finance lease contracts	(8,335)	(959)	-	(9,294)
Depreciation of office condominium	(2,153)	(538)	-	(2,691)
Total	<u>(10,488)</u>	<u>(1,497)</u>	<u>-</u>	<u>(11,985)</u>
Net	<u>238,066</u>	<u>55,846</u>	<u>(335)</u>	<u>293,577</u>

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	At 1 January 2016	(Charged) / Credit to		At 31 December 2016
		Profit or loss (note 27)	Other comprehensive income	
<i>(in thousand Baht)</i>				
Deferred tax assets				
Depreciation of asset held for lease	97,591	5,789	-	103,380
Loss carry forward	-	52,759	-	52,759
Allowance for doubtful accounts	12,218	31,464	-	43,682
Allowance for decline in value of inventory	1,302	(97)	-	1,205
Accrued income on leases in arrears more than three months	10,502	8,495	-	18,997
Advance received from lessee for exercising purchase option	14,604	(46)	-	14,558
Allowance for loss on impairment of investment and immovable property foreclosed	4,028	-	-	4,028
Non-current provisions for employee benefits	7,585	833	1,527	9,945
Total	147,830	99,197	1,527	248,554
Deferred tax liabilities				
Differences in income recognition of operating and finance lease contracts	(8,837)	502	-	(8,335)
Depreciation of office condominium	(1,613)	(540)	-	(2,153)
Total	(10,450)	(38)	-	(10,488)
Net	137,380	99,159	1,527	238,066

In 2016 and 2017, the Company has been granted privileges to be exempt from payment of income tax for capital expenditures to use for an additional deductible expense. As a result, the Company has tax losses of Baht 213.0 million (2016 : Baht 72.6 million). Management estimated of the future taxable profits and recognised the deferred tax assets of Baht 89.8 million (2016 : Baht 52.8 million) on the loss carry forward because management considered it is probable that the main portion of the future taxable profits would be available against which such loss can be utilised. However, the Company has unrecognised deferred tax asset of Baht 123.2 million for loss carry forward in the financial statement as at 31 December 2017 (2016 : Baht 19.8 million).

15 Interest-bearing liabilities

15.1 Short-term loans from financial institutions

	2017	2016
	<i>(in thousand Baht)</i>	
Current - unsecured		
Promissory notes	280,000	360,000
Bills of exchange	550,000	1,400,000
Less unamortised discount on bills of exchange	(2,214)	(7,257)
Short-term loans from financial institutions	827,786	1,752,743

As at 31 December 2017, the Company had overdraft lines and other credit facilities, excluding bills of exchange, with various local banks totaling Baht 2,300 million (2016: Baht 2,300 million) which bear interest at the Money Market Rate (MMR) at the transaction date. As at 31 December 2017, the Company had unutilised credit facilities totaling Baht 1,871 million (2016: Baht 1,806 million).

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15.2 Debentures

	2017	2016
	<i>(in thousand Baht)</i>	
Unsecured debentures - at face value	6,650,000	6,850,000
<i>Less</i> unamortised deferred charges on debenture issuance	<u>(3,428)</u>	<u>(4,008)</u>
	6,646,572	6,845,992
<i>Less</i> current portion due within one year (net of unamortised deferred charges on debenture issuance)	<u>(1,749,781)</u>	<u>(1,899,673)</u>
Debentures, non-current portion	<u>4,896,791</u>	<u>4,946,319</u>

As at 31 December 2017, the Company has outstanding balances of issued unsecured, name registered, unsubordinated and no-trustee debentures which were offered to the institutional investors specified in the Notification of Securities and Exchange Commission. The details of issuance of debentures were as below:

Debenture issued on	15 May 2014
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	4 years, will mature on 15 May 2018
Interest rate	Fixed rate of 4.00% per annum
Interest payment due	Every 15 May and 15 November of each year
Debenture issued on	1 October 2014
Unit and value	300,000 units of par value of Baht 1,000 each
Total debenture value	Baht 300 million
Period and maturity date	3 years 4 months, will mature on 1 February 2018
Interest rate	Fixed rate of 3.75% per annum
Interest payment due	Every 1 February and 1 August of each year
Debenture issued on	16 February 2015
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	3 years will mature on 16 February 2018
Interest rate	Fixed interest rate of 3.12% per annum
Interest payment due	Every 16 February and 16 August of each year
Debenture issued on	22 April 2015
Unit and value	450,000 units of par value of Baht 1,000 each
Total debenture value	Baht 450 million
Period and maturity date	3 years 5 months 27 days, will mature on 19 October 2018
Interest rate	Fixed interest rate of 3.00% per annum
Interest payment due	Every 19 April and 19 October of each year
Debenture issued on	23 July 2015
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	3 years 6 months, will mature on 23 January 2019
Interest rate	Fixed interest rate of 2.62% per annum
Interest payment due	Every 23 January and 23 July of each year

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Debenture issued on	24 September 2015
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	4 years, will mature on 24 September 2019
Interest rate	Fixed interest rate of 2.86% per annum
Interest payment due	Every 24 March and 24 September of each year
Debenture issued on	25 January 2016
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	4 years will mature on 25 January 2020
Interest rate	Fixed interest rate of 2.49% per annum
Interest payment due	Every 25 January and 25 July of each year
Debenture issued on	24 February 2016
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	5 years will mature on 24 February 2021
Interest rate	Fixed interest rate of 2.63% per annum
Interest payment due	Every 24 February and 24 August of each year
Debenture issued on	24 February 2016
Unit and value	200,000 units of par value of Baht 1,000 each
Total debenture value	Baht 200 million
Period and maturity date	7 years will mature on 24 February 2023
Interest rate	Fixed interest rate of 3.05% per annum
Interest payment due	Every 24 February and 24 August of each year
Debenture issued on	17 August 2016
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	3 years will mature on 17 August 2019
Interest rate	Fixed interest rate of 2.24% per annum
Interest payment due	Every 17 February and 17 August of each year
Debenture issued on	28 September 2016
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	4 years will mature on 28 September 2020
Interest rate	Fixed interest rate of 2.60% per annum
Interest payment due	Every 28 March and 28 September of each year
Debenture issued on	16 February 2017
Unit and value	700,000 units of par value of Baht 1,000 each
Total debenture value	Baht 700 million
Period and maturity date	2 years 3 months will mature on 16 May 2019
Interest rate	Fixed interest rate of 2.56% per annum
Interest payment due	Every 16 February and 16 August of each year

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Debenture issued on	3 August 2017
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	4 years will mature on 3 August 2021
Interest rate	Fixed interest rate of 2.76% per annum
Interest payment due	Every 3 February and 3 August of each year
Debenture issued on	18 October 2017
Unit and value	500,000 units of par value of Baht 1,000 each
Total debenture value	Baht 500 million
Period and maturity date	2 years 11 months 18 days will mature on 6 October 2020
Interest rate	Fixed interest rate of 2.43% per annum
Interest payment due	Every 6 April and 6 October of each year

In connection with the terms of the rights and responsibilities of the debentures issuer, the Company, as the issuer, has to comply with certain restrictions and conditions as stipulated therein, such as maintaining certain financial ratios etc.

15.3 Long-term loans from financial institutions

	2017	2016
	<i>(in thousand Baht)</i>	
Long-term loans from financial institutions - unsecured	2,075,784	1,295,610
Less current portion due within one year	<u>(877,522)</u>	<u>(577,700)</u>
Long-term loans from financial institutions, non-current portion	<u>1,198,262</u>	<u>717,910</u>

In August 2014, the Company entered into long-term loan agreements with a bank for a credit line of Baht 500 million. As at 30 September 2014, the Company has drawn down the loan in full. The loan has a fixed interest rate. The Company will repay principal installments on a quarterly basis and the maturity date of the final installment will be in August 2018.

In October 2015, the Company entered into long-term loan agreements with a bank for a credit line of Baht 350 million. As at 15 October 2015, the Company has drawn down the loan in full. The loan has a fixed interest rate. The Company will repay principal installments on a quarterly basis and the maturity date of the final installment will be in October 2018.

In December 2015, the Company entered into long-term loan agreements with a bank for a credit line of Baht 500 million. As at 16 December 2015, the Company has drawn down the loan in full. The loan has a fixed interest rate. The Company will repay principal installments on a quarterly basis and the maturity date of the final installment will be in December 2019.

In January 2017, the Company entered into long-term loan agreements with a bank for credit line of Baht 500 million. As at 27 January 2017, the Company has drawn down the loan in full. The loan has a fixed interest rate. The Company will repay principal installments on a quarterly basis and the maturity date of the final instalment will be in January 2020.

In March 2017, the Company entered into long-term loan agreements with a bank for credit lines of Baht 150 million, respectively. As at 30 March 2017, the Company has drawn down the loan in full. The loan has a fixed interest rate. The Company will repay principal installments on a quarterly basis and the maturity date of the final instalment will be in March 2020.

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In April 2017, the Company entered into long-term loan agreements with a bank for credit lines of Baht 350 million. On 27 April 2017, the Company has drawn down the loan in full. The loan has a fixed interest rate. The Company will repay principal installments on a quarterly basis and the maturity date of the final instalment will be in April 2020.

In May 2017, the Company entered into long-term loan agreements with a bank for credit lines of Baht 500 million. On 31 May 2017, the Company has drawn down the loan in full. The loan has a fixed interest rate. The Company will repay principal installments on a quarterly basis and the maturity date of the final instalment will be in May 2021.

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Within one year	3,455,089	4,230,116
After one year but within five years	5,895,230	5,664,229
After five years	199,823	-
Total	<u>9,550,142</u>	<u>9,894,345</u>

Interest-bearing liabilities of the Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

16 Trade accounts payable

	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
Related parties	4	4,064	4,324
Other parties		219,059	103,442
Total		<u>223,123</u>	<u>107,766</u>

Trade accounts payable of the Company as at 31 December 2017 and 2016 were denominated in Thai Baht.

17 Other payables

	2017	2016
	<i>(in thousand Baht)</i>	
Accrued finance costs	64,579	69,301
Rental income received in advance	84,727	63,881
Accrued expenses	33,417	40,808
Withholding tax payables	9,167	7,193
Others	1,029	1,371
Total	<u>192,919</u>	<u>182,554</u>

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18 Non-current provisions for employee benefits

Post-employment benefits

The Company operates a number of post-employment benefit plans including defined benefit plans. All defined benefit plans are unfunded.

Post-employment benefit obligations presented in statement of financial position are as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Present value of unfunded obligations	53,365	49,724
Post-employment benefit obligations presented in statement of financial position	53,365	49,724

Movement in the present value of the defined benefit obligations:

	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	49,724	37,921
Include in profit or loss:		
Current service cost and interest cost	5,314	4,169
Included in other comprehensive income		
Actuarial (gain) loss	(1,673)	7,634
Other		
Benefits paid	-	-
At 31 December	53,365	49,724

Actuarial gains and losses recognised in other comprehensive income arising from:

	2017	2016
	<i>(in thousand Baht)</i>	
Demographic assumptions	(1,423)	153
Financial assumptions	2,702	(7,176)
Experience adjustment	(2,952)	(611)
Total	(1,673)	(7,634)

Principal actuarial assumptions as at 31 December 2017 based on a discount rate 3.00% (2016: 3.51%); the future salary increased rate 5.5% - 7.5% (2016: 5.5% - 7.5%); the withdrawal rate 4.3% - 19.4% (2016: 2.2% - 16.9%); the retirement ages were 55 - 60 years (2016: 55 - 60 years), and the assumption regarding future mortality rate are based on statistics of an insurance company.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Increase	Decrease
	<i>(in thousand Baht)</i>	
At 31 December 2017		
Discount rate (1% movement)	(5,120)	5,900
Future salary growth (1% movement)	5,078	(4,541)

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	Increase	Decrease
	<i>(in thousand Baht)</i>	
At 31 December 2016		
Discount rate (1% movement)	(5,187)	6,018
Future salary growth (1% movement)	5,231	(4,649)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

19 Share capital

	Par value per share <i>(in Baht)</i>	2017		2016	
		Number	Amount	Number	Amount
		<i>(thousand shares / thousand Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	1	646,200	646,200	646,200	646,200
At 31 December					
- ordinary shares	1	646,200	646,200	646,200	646,200
Issued and paid-up					
At 1 January					
- ordinary shares	1	596,493	596,493	596,493	596,493
Shares options exercised	1	-	-	-	-
At 31 December					
- ordinary shares	1	596,493	596,493	596,493	596,493

**During the year ended 31 December 2017, the Company issued 121 outstanding shares amounting to Baht 121 for shares option exercised (2016 : nil).*

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

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20 Warrants

The Company had warrants to purchase new ordinary shares of the Company. The details of warrants are as follows;

Name of warrants	:	Warrants to purchase the new ordinary shares of Phatra Leasing Public Company Limited No.1 (PL-W1)
Allocated to	:	Existing common shareholders at an offering ratio of 3 new ordinary shares per 1 unit of warrant
Number of warrants issued	:	Not exceeding 49,707,730 units
Offering price	:	Baht 0.00 per unit
Number of listed warrants	:	49,707,319 units
Date granted	:	15 June 2015
Last exercise date	:	15 June 2018
Maturity	:	3 years
Exercise price	:	Baht 3.962 per share
Exercise right per unit	:	Warrant 1 unit to 1.01 ordinary share
Exercise period	:	The holders of warrants are able to exercise the warrants on the last business day of March, June, September and December each year throughout the term of the warrants. The first exercise date shall be after the second anniversary of the warrants.

During the year ended 31 December 2017, PL-W1 was exercised in amount of 120 units and registered as paid-up share capital in the amount of Baht 121, resulting in an increase of the Company's paid-up share capital to Baht 121.

As at 31 December 2017, the remaining warrants (PL-W1) have not been exercised are 49,707,198 units.

21 Legal reserves

Section 116 of the Public Companies Act B.E. 2535 section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

As at 31 December 2017, the Company's legal reserve amounted to Baht 65 million (2016: Baht 65 million).

22 Segment information

The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different services, and are managed separately because they require different marketing strategies. For each of the strategic divisions, the Chief Operating Decision Maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments.

- Segment 1 Land vehicles
- Segment 2 Others

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the Company's CODM. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Information about reportable segments:

	Land vehicles		Others		Total	
	2017	2016	2017	2016	2017	2016
	<i>(in thousand Baht)</i>					
External revenue	<u>2,452,832</u>	<u>2,666,054</u>	<u>350,696</u>	<u>309,981</u>	<u>2,803,528</u>	<u>2,976,035</u>
Total segment revenue	<u>2,452,832</u>	<u>2,666,054</u>	<u>350,696</u>	<u>309,981</u>	<u>2,803,528</u>	<u>2,976,035</u>
Direct rental costs	<u>1,877,216</u>	<u>2,019,133</u>	<u>247,250</u>	<u>217,257</u>	<u>2,124,466</u>	<u>2,236,390</u>
Segment gross profit	<u>575,616</u>	<u>646,921</u>	<u>103,446</u>	<u>92,724</u>	<u>679,062</u>	<u>739,645</u>
Segment assets	9,996,419	10,543,068	2,078,583	1,887,424	12,075,002	12,430,492
Capital expenditure	2,461,042	2,443,295	165,950	355,765	2,626,992	2,799,060
Segment liabilities	227,943	224,053	186,572	82,914	414,515	306,967

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2017	2016
	<i>(in thousand Baht)</i>	
Revenues		
Total revenue from reportable segments	2,803,528	2,976,035
Other revenue	<u>1,053,523</u>	<u>1,198,391</u>
Total revenues	<u>3,857,051</u>	<u>4,174,426</u>
Profit or loss		
Total gross profit for reportable segments	679,062	739,645
Unallocated amounts	<u>(513,283)</u>	<u>(631,280)</u>
Profit before income tax	<u>165,779</u>	<u>108,365</u>
Assets		
Total assets for reportable segments	12,075,002	12,430,492
Unallocated amounts	<u>1,136,443</u>	<u>799,198</u>
Total assets	<u>13,211,445</u>	<u>13,229,690</u>
Liabilities		
Total liabilities for reportable segments	414,515	306,967
Unallocated amounts	<u>9,934,822</u>	<u>10,170,509</u>
Total liabilities	<u>10,349,337</u>	<u>10,477,476</u>

Geographical segments

The Company operates only in Thailand. There are no revenues derived from, or assets located in, foreign countries.

Major customer

The Company does not have any major customer which is significant to financial statement because the Company does not have any external revenue from one customer more than 10% of total revenues.

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23 Other income

	2017	2016
	<i>(in thousand Baht)</i>	
Discount on insurance premium	19,186	18,569
Penalty income	12,359	12,651
Interest income	398	515
Others	15,799	14,813
Total	<u>47,742</u>	<u>46,548</u>

24 Administrative expenses

	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
Employee benefit expenses	25	163,996	173,059
Rental and utilities service charges		16,775	17,985
Depreciation		6,274	7,619
Others		64,330	64,340
Total		<u>251,375</u>	<u>263,003</u>

25 Employee benefit expenses

	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
<i>Management</i>			
Salaries and bonuses		37,217	39,151
Director's remuneration		9,130	8,320
Post-employment benefits		2,791	2,612
	4	<u>49,138</u>	<u>50,083</u>
<i>Other employees</i>			
Salaries and bonuses		96,517	106,006
Post-employment benefits and others		18,341	16,970
		<u>114,858</u>	<u>122,976</u>
Total		<u>163,996</u>	<u>173,059</u>

Provident fund was established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 5% to 10% of their basic salaries and by the Company at rates ranging from 5% to 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

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26 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. The significant expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Change in inventories	5,961	97,845
Assets held for lease under operating lease contracts	1,019,546	990,711
Employee benefit expenses	163,996	173,059
Depreciation	1,710,489	1,818,024
Others	506,201	665,630
Total	<u>3,406,193</u>	<u>3,745,269</u>

27 Income tax expense

Income tax recognised in profit or loss

	<i>Note</i>	2017	2016
		<i>(in thousand Baht)</i>	
Current year tax expense			
Current year		-	-
Adjustment for prior years		(264)	(12,647)
		<u>(264)</u>	<u>(12,647)</u>
Deferred tax expense			
Movements in temporary differences	14	(55,846)	(99,159)
Total income tax expense		<u>(56,110)</u>	<u>(111,806)</u>

Reconciliation of effective tax rate

		2017		2016
	Tax rate (%)	<i>(in thousand Baht)</i>	Tax rate (%)	<i>(in thousand Baht)</i>
Profit before income tax expense		<u>165,779</u>		<u>108,365</u>
Income tax using the Thai corporation tax rate	20.0	33,156	20.0	21,673
Expenses not deductible for tax purpose		949		5,059
Income not subject to tax		(163)		(291)
Adjustment for prior years		(264)		(12,647)
Addition deductible expense for tax purpose		(193,235)		(145,353)
Unrecognised loss carry forward to deferred tax asset		103,477		19,753
Total	<u>(33.9)</u>	<u>(56,110)</u>	<u>(103.2)</u>	<u>(111,806)</u>

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

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28 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	2017	2016
	<i>(in thousand Baht / thousand shares)</i>	
Profit attributable to equity holders of the Company (basic)	221,889	220,171
Number of ordinary share outstanding at 1 January	596,493	596,493
Effect of shares issued during the year	-*	-
Weighted average number of ordinary shares outstanding (basic)	596,493	596,493
Basic earnings per share (in Baht)	0.37	0.37

*Effect of shares issued during the year was 60 shares.

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all diluted potential ordinary shares as follows:

	2017	2016
	<i>(in thousand Baht / thousand shares)</i>	
Profit attributable to equity holders of the Company (basic)	221,889	220,171
Profit attributable to equity holders of the Company (diluted)	221,889	220,171
Weighted average number of ordinary shares outstanding (basic)	596,493	596,493
Effect of exercise of share options	5,342	-
Weighted average number of ordinary shares outstanding (diluted)	601,835	596,493
Diluted earnings per share (in Baht)	0.37	0.37

29 Dividends

At the annual general meeting of the shareholders of the Company held on 28 April 2017, the shareholders approved the appropriation of the profit from the results of operations for the year ended 31 December 2016 to be dividends of Baht 0.19 per share, amounting to Baht 113.3 million. The dividend was paid to shareholders on 25 May 2017.

At the annual general meeting of the shareholders of the Company held on 29 April 2016, the shareholders approved the appropriation of the profit from the results of operations for the year ended 31 December 2015 to be dividends of Baht 0.17 per share, amounting to Baht 101.4 million. The dividend was paid to shareholders on 27 May 2016.

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30 Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates, foreign currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to sustain future development of the business in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to increase investors and stakeholders' confidence.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders depending on the Company's operating performance.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because loan interest rates are mainly fixed, as disclosed in note 15. The management believes that the Company has no need to use derivative instruments to manage such risk.

Financial assets and financial liabilities as at 31 December with details of the Company's interest rate risk based on the period to earlier of the contractual repricing date or maturity date were as follows:

	Note	Interest rate (% per annum)	Within 1 years	31 December 2017			Total
				After 1 year but within 5 years	After 5 years	Non-interest bearing	
<i>Financial assets</i>							
Cash and cash equivalents	5	0.125 - 0.750	134,306	-	-	80,486	214,792
Receivables under operating lease contracts*	6	-	-	-	-	278,954	278,954
Receivables under finance lease contracts*	7	Rate driven from contracts	964,859	1,286,294	-	-	2,251,153
Total financial assets			1,099,165	1,286,294	-	359,440	2,744,899

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	Note	Interest rate (% per annum)	31 December 2017			Non-interest bearing	Total
			Within 1 years	After 1 year but within 5 years	After 5 years		
Financial liabilities							
Short-term loans from financial institutions	15.1	MMR	827,786	-	-	-	827,786
Trade account payables	16	-	-	-	-	223,123	223,123
Debentures	15.2	2.24 - 3.05	1,749,781	4,696,968	199,823	-	6,646,572
Long-term loans from financial institutions	15.3	3.00 - 4.30	877,522	1,198,262	-	-	2,075,784
Total financial liabilities			3,455,089	5,895,230	199,823	223,123	9,773,265
Difference of on-financial reporting items			(2,355,924)	(4,608,936)	(199,823)	136,317	(7,028,366)

* Gross amount before net off allowance for doubtful accounts

	Note	Interest rate (% per annum)	31 December 2016			Total
			Within 1 years	After 1 year but within 5 years	Non-interest bearing	
Financial assets						
Cash and cash equivalents	5	0.125 - 0.750	62,634	-	14,989	77,623
Receivables under operating lease contracts*	6	-	-	-	281,928	281,928
Receivables under finance lease contracts*	7	Rate driven from contracts	849,395	1,199,838	-	2,049,233
Total financial assets			912,029	1,199,838	296,917	2,408,784
Financial liabilities						
Short-term loans from financial institutions	15.1	MMR	1,752,743	-	-	1,752,743
Trade account payables	16	-	-	-	107,766	107,766
Debentures	15.2	2.24 - 3.05	1,899,673	4,946,319	-	6,845,992
Long-term loans from financial institutions	15.3	3.00 - 4.30	577,700	717,910	-	1,295,610
Total financial liabilities			4,230,116	5,664,229	107,766	10,002,111
Difference of on-financial reporting items			(3,318,087)	(4,464,391)	189,151	(7,593,327)

* Gross amount before net off allowance for doubtful accounts

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Foreign currency risk

The Company is exposed to foreign currency risk relating to purchasing of assets for lease which are denominated in foreign currencies. The Company primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

As at 31 December 2017 and 2016, the Company does not have a foreign currency account payable which has foreign currency risk.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

The fair value of cash and cash equivalents, receivables under operating lease contracts, current portion of receivables under finance lease contracts, trade account payables, and short-term loans from financial institutions is taken to approximate the carrying value due to the relatively short-term maturity of these instruments.

The fair value of receivables under finance lease contracts, portion due after one year is taken to approximate the carrying value.

The fair value of floating interest rate long-term loan is taken to approximate the carrying value due to the floating interest rate of the long-term loan varies according to the market interest rate.

Other financial liabilities not stated above had the fair and carrying value as follows:

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>					
31 December 2017					
Debentures	6,650	-	6,698	-	6,698
Long-term loans	2,076	-	1,974	-	1,974
31 December 2016					
Debentures	6,850	-	6,890	-	6,890
Long-term loans	1,296	-	1,236	-	1,236

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31 Commitments and contingent liabilities

(a) Non-cancellable operating lease commitments

	2017	2016
	<i>(in thousand Baht)</i>	
Within one year	8,532	12,342
After one year but within five years	5,893	11,215
Total	<u>14,425</u>	<u>23,557</u>

(b) Assets held for lease commitments

As at 31 December, the minimum future annual rental income to be received for assets held for operating leases were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Within one year	2,230,448	2,486,349
After one year but within five years	3,439,152	3,638,980
After five years	19	-
Total	<u>5,669,619</u>	<u>6,125,329</u>

Under the provisions of certain lease agreements, the lessees have an option to purchase the leased assets upon the expiration of the lease terms. If this option is included in the lease agreement, the lessees are required to pay a sum in advance as a guarantee for exercising the purchase option.

(c) Letters of guarantee

As at 31 December 2017, the Company has letters of guarantee issued by some local banks mainly relating to guarantees for rental agreements with government agencies and state enterprises of approximately Baht 149 million (2016: Baht 129 million).

32 Events after the reporting period

At the Board of Directors' meeting held on 21 February 2018, the Board approved to propose for consideration and approval at the Annual General Meeting of the Shareholders on 27 April 2018 for the dividend payment from the net profit and the operating results of the year 2017 to shareholders at the rate of Baht 0.19 per share for the total number of 596,492,874 shares, totaling Baht 113.3 million and the issuance of 600,000 ordinary shares which the Company will determine the issue price at a later stage.